

The City Grapevine

February/March'05



First Street Redevelopment

In the previous issue of *The City Grapevine*, the design of the First Street project and its affect on existing businesses was discussed in detail. As we move from the conceptual phase and get closer to entering an agreement with a developer, the most obvious question is "What will this cost me?" The Council has made a commitment to develop the First Street project without increasing taxes to existing property owners. Several people have questioned how the City can invest millions of dollars in our downtown without any impact on taxpayers. Here is how it works.

As previously written, this project began with the establishment of a Tax Increment Financing (TIF) district. At the time the TIF area was approved, the equalized assessed value (EAV = 1/3 of market value) of the properties located in the TIF area was determined. This is called the "base value." The property taxes realized as a result of any increase in property value over the base value, which was established at the creation of the TIF, are used to defer the debt obligations resulting from the City's share of the redevelopment cost.

For example, assume the base value (equalized assessed value when the TIF was created) for the First Street area is \$5 million, and the redeveloped property values increased so that five years later, the EAV for the same property is \$20 million. Also, assume the tax rate is 6.5% of the EAV amount. The property tax increase resulting from the redevelopment is \$975,000 (.065 x \$15 million [the different between \$5 and \$20 million]) for year five. If the EAV remained at \$20 million, then the annual taxes will provide the City with enough funds to pay off a 15-year bond of approximately \$14 million. Once the bonds

are paid, the TIF is dissolved and all of the property taxes are distributed to the various taxing bodies accordingly.

What happens if the "increment" from the TIF district falls short of projections and the tax revenue is not enough to support the debt service on the bonds? Although there is

always a risk to redevelopment, that risk is minimized by a thorough review of the financial projections by experts. There will also be additional sales tax revenue created by the TIF district, which is an alternate source for payment of the bonds. No matter how small, there will always be some level of risk with a project such as this. There is also a risk by doing nothing, however, and that risk would have more serious implications on the downtown's future.

Another question sometimes asked is how this will impact the other taxing districts (e.g., school district, park district, library district). Other taxing districts will continue to receive taxes on the base amount. The theory is that without the redevelopment effort, the area would continue to deteriorate and the property values would not increase.

While the Council is committed to the redevelopment of First Street and maintaining an attractive downtown, it is also committed to making the necessary changes without further burdening taxpayers. This redevelopment

will, however, provide considerable direct and indirect financial resources to the City.

Traffic and Transportation

The 2004 Citizen Priorities Survey indicated transportation and traffic as one area of municipal government citizens were most concerned about. In the survey, comments and questions were offered, and over the next several issues of this supplement, we would like to begin to address some of the concerns.

In this issue . . .

- First Street Redevelopment Project
- Traffic and Transportation

For more information on Tax Increment Financing, please visit the Illinois Tax Increment Association at <http://www.illinois-tif.com/>.

Please let us know how we may continue to improve our communication with the community.

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How are local roadway impacts considered with new developments in neighboring communities?

Although most projects consider impacts on roadways near the development, regional impacts are difficult to evaluate and therefore are not typically considered. For example, a development in Wasco will increase traffic volumes on IL 64 (Main St.). No transportation consideration for improvements to the IL 64 bridge crossing the Fox River, however, is required.

Who makes the decisions for the transportation (street) system, land uses and development?

Land use and development decisions are made by municipalities for areas within their boundaries or properties petitioning for annexation. Land use decisions for areas outside municipal boundaries are made by Kane County.

| Street Location Type | Decision Maker |
|----------------------|--|
| IL 64, IL 31, IL 25 | Illinois Department of Transportation |
| Kirk Road | Kane County Division of Transportation |
| Randall Road | Kane County Division of Transportation |
| Illinois Street | City of St. Charles |
| Prairie Street | City of St. Charles |
| neighborhood streets | City of St. Charles |

How much traffic uses Main Street and other City roadways?

| Location | 24-Hour Vehicle Count |
|------------------------|-----------------------|
| IL 64 on the river | 44,000 (year 2004) |
| Illinois Street Bridge | 9,100 (year 2003) |
| Prairie Street Bridge | 9,400 (year 2004) |

Traffic at other locations for comparison:

| Location | IDOT 24-Hour Vehicle Count |
|--|----------------------------|
| IL 38 on the Bridge | 32,000 (year 2001) |
| IL 59 (between IL 64 and Army Trail Rd.) | 35,000 (year 2003) |

What throws off the traffic signals to cause such traffic congestion at times?

Traffic congestion can be caused by peak travel times (rush hour), accidents, stalled vehicles blocking a lane, or a semi-truck maneuvering a turn. It is the emergency service

vehicles (fire trucks/ambulances) that interrupt the normal traffic signal synchronization, though. It takes about ten minutes to reestablish signal synchronization and normal traffic flow after an emergency vehicle interrupts the cycle.

How are truck routes designated?

The City has the ability to designate truck routes on city roadways only. The Illinois Department of Transportation and Kane County Division of Transportation designate truck routes on their respective roadway systems. The City, for example, cannot ban trucks on IL 64 to improve traffic congestion, as this is the jurisdiction of the Illinois Department of Transportation.

Will public transportation be an alternative for the future?

Most people are familiar with the existing METRA rail system south of St. Charles. Bus service is also available on routes 801 from Elgin and 802 from Aurora. These routes stop at Charlestowne Mall, the east side industrial park, Main Street and Randall Road. Dial-A-Ride is also available for seniors or those with special needs, offering discounted trips from their door to any location within St. Charles, Geneva or Geneva Township. These services are part of the Regional Transportation Authority (RTA). An expansion of the system would be related to ridership and public opinion that advocates a need for such services, balanced with costs. PACE will not operate a route that cannot be supported through ridership. The citizen survey indicated that less than 50% of respondents felt improving the existing public transportation system was important.

Why does it take so long to build a new bridge/road?

Whether a new bridge or road is being funded with local, county, state or federal money, a process is in place to consider the interests of property owners and groups who endorse or reject the improvement. This process takes time and is dependent on the complexity of issues and number of governmental reviews. Money cannot be spent until the government body funding the bridge or road documents the need and that all steps have been taken to minimize the negative impacts. It also takes time to build reserves and secure financing for these types of large, costly projects.

What transportation improvements are planned?

| Project | Year Expected |
|--|---------------|
| Widen IL 64 to 6 lanes (IL 59 to Kautz Rd.) | 2010 |
| Add a center, turn lane on IL 64 (7th Ave. to Dunham Rd.) | 2010 |
| Widen Randall Road to 6 lanes (Dean to Oak Streets) and add lanes at IL 64 | 2005 |

